

MINUTES

KANSAS ELECTRIC TRANSMISSION AUTHORITY

December 19, 2008
Room 535-N—Statehouse

Members Present

Representative Carl Holmes, Chairperson
Earnie Lehman, Vice-Chairperson
Tim McKee, Secretary (by phone)
Senator Jay Emler
Senator Janis Lee
Representative Annie Kuether
Les Evans

Staff Present

Mary Galligan, Kansas Legislative Research Department
Cindy Lash, Kansas Legislative Research Department
Melissa Doeblin, Revisor of Statutes Office
Rebecca Wempe, Stevens & Brand

Chairperson Holmes called the meeting to order at 9:00 a.m. He asked for approval of the tentative agenda. *Senator Lee made, and Mr. Lehman seconded, a motion to approve the tentative agenda. The motion passed.*

The Chairperson congratulated Mr. Evans on his reappointment to the Board (Attachment 1), and welcomed Senator Apple, who, upon assuming the role of Chairperson of the Senate Utilities Committee in January, will be replacing Senator Emler on the Board.

The Chairperson noted that because of weather conditions, several people were present by telephone, including Mr. McKee and four representatives of the Southwest Power Pool (SPP) – Les Dillahunt, Jay Casper, David Linton, and Heather Starns.

The Chairperson recognized Larry Holloway, Kansas Corporation Commission, who discussed the December 3, 2008 meeting of the Cost Allocation Working Group (CAWG). The discussion centered around the benefit cost analysis for the latest economic portfolio in the SPP plan. CAWG looked at prices to make sure that in each region the benefits exceeded the cost. If the benefits were less than the cost in any region, costs were re-distributed until no zone had a benefit:cost ratio less than 1.0 (Attachment 2).

Mr. Holloway discussed Portfolios 3C and 3A. He said 3C is the same as 3A, except 3C adds the Western X (Spearville-Comanche Co-Woodward-Tuco) 765 kV and removes Tolk-Potter 345 kV.

SPP recommended that Portfolio 3A be approved and endorsed by CAWG. However, CAWG did not do so, and continues to evaluate Portfolio 3C.

Chairperson Holmes asked why 3C contains a Hitchland-Finney-Spearville route, which overlays existing line, rather than just making a diagonal from Hitchland to Spearville, which would provide more geographic diversity. Mr. Holloway said the existing 365 kV line would serve as more of a collector line, and that although the planned 765kV line appears to be a direct overlay, it may be five miles away from the existing lines.

Mr. Evans noted that part of the reason for overlaying is to make it easier to construct an interconnect to Lamar, Colorado. Mr. Caspary said a large transmission expansion is planned for Colorado and New Mexico, and SPP would like to be able to tie into it.

Mr. Holloway pointed out that until lines are connected, there is little benefit from 765 kV lines because they can only carry 345 kV, but are three times as costly to build. In response to a question, Mr. Holloway said he hoped CAWG would be able to recommend a plan to the Regional State Committee (RSC) in January, but if not it would be April. It is possible there could be a recommendation to the SPP Board of Directors by the middle of 2009.

Mr. Lehman asked if Nebraska's decision to join SPP would delay approval of a portfolio. Mr. Holloway responded that Nebraska is being incorporated in the analysis now.

Les Dillahunt and Jay Caspary, SPP, discussed the SPP transmission expansion plan. Mr. Dillahunt discussed a grid showing the roles and responsibilities of parties involved in all phases of transmission, from planning to rate recovery. He described the SPP three-bucket approach to project analysis: reliability, economic, and extra-high voltage. Mr. Caspary discussed the maps showing the current transmission system and wind generation projects, as well as Generation Interconnection (GI) requests for wind. He reported there are more than 50 gigawatts of wind in the GI queue. Mr. Caspary also discussed the Joint Coordinated System Plan (JCSP). He said SPP is posting the final draft of the Extra High Voltage (EHV) study today. In response to a question about when the EHV plan would be ready to go to the SPP Board of Directors, Mr. Dillahunt said it could happen in 2009, depending on national action (Attachments 3 and 4).

The Chairperson asked for a motion to approve the November minutes. *Mr. Lehman made, and Senator Lee seconded, a motion to approve the minutes. The motion passed.*

Board members reviewed the report of expenditures to date, which incorporates the three percent reduction in operating budget approved by the Board (Attachment 5).

The Chairperson recognized Mary Galligan, Legislative Research Department, who presented the draft version of the annual report, and asked for guidance on remaining sections of the report. The Board made several suggestions, among which was inclusion of summaries of SPP and Interstate Authorities meetings attended by Board members. The Chairperson directed staff to distribute the report electronically, with a printed copy each for the Speaker of the House of Representatives and the President of the Senate (Attachment 6).

The Chairperson recognized Melissa Doebelin, Revisor of Statutes Office, who presented three bill drafts prepared and presented for discussion at the request of a Board member (Attachment 7).

- Bill draft 9rs0041 would amend K.S.A. 2008 Supp. 74-99d07 by adding authority for KETA to "establish and charge reasonable fees, rates, tariffs or other charges

for the use of all facilities administered by it and for all services rendered by it.” Members agreed to replace the word “administered” with the phrase “administered, owned, or financed”;

- Bill draft 9rs0065 would amend K.S.A. 66-101f to establish a deadline of 90 days for the court of appeals to render a decision on an appeal of certain findings, orders, or decisions of the KCC. Members agreed to make the statute effective upon publication in the *Kansas Register*, rather than upon publication in the statute book. Senator Emler clarified that this bill would not affect cases that are already in process; and
- Bill draft 9rs0077 would establish a deadline of no more than 240 days for the KCC to grant or deny a certificate of public convenience.

The Chairperson recognized Tom Stuchlik, Westar Energy, to provide an update on construction of transmission lines. He said they are on schedule with the Wichita to Reno 345kV line, which has been energized on a test basis and should begin carrying load on December 20, 2008. Westar is rebuilding a 115 kV line from Reno to Circle (Hutchinson area) which should be completed in early 2009. In addition, the Reno to Summit line is expected to be completed in late 2009. Westar will soon begin the process of acquiring right of way for the Rose Hill to Sooner line, with construction expected to start early in 2010.

Carl Huslig, ITC Great Plains, introduced Alan Myers, also of ITC, who discussed the company's conceptual study of a collector system for wind-generated electricity. The system was designed in response to the SPP's release of an updated EHV overlay plan. The SPP overlay anticipated collection hubs, but did not specifically address the improvements needed to deliver electricity to the hubs. The ITC Great Plains study, with analytical work performed by Black & Veatch, is a conceptual response to that gap. The study assumes that the majority of the collector lines would be 345kV. Analysis showed that the initial conceptual collector system generally was effective up to a new wind generation level of 12,500 megawatts. The next steps will be to finalize the analysis, develop cost estimates, and coordinate with SPP ([Attachment 8](#)).

The Chairperson took up the responses by ITC Great Plains and Prairie Wind Transmission to the letter sent by KETA on December 1, 2008, expressing the Board's concern that construction of transmission will be delayed for at least a year if the companies wait for the KCC to resolve the issue of who builds the transmission line from Spearville to Comanche County to Wichita ([Attachment 9](#)).

The Chairperson recognized Carl Huslig, ITC Great Plains, who read a statement of ITC's position. Briefly, he indicated that they believe collaboration is critical for progress in building needed transmission lines, and that any resolution must respect the rights of all affected transmission companies in Kansas. He again offered a plan initially proposed in September by Sunflower, Mid-Kansas Electric, and ITC. He discussed a letter ITC sent to Prairie Wind Transmission on December 18, 2008 laying out three principles ITC believes must be agreed to before determining how the V-Plan will be constructed ([Attachment 10](#)).

The Chairperson recognized Mike Lennen, Westar Energy, who provided a written response to the KETA letter on behalf of Kelly Harrison of Prairie Wind Transmission. The letter discusses the Prairie Wind plan for dividing transmission construction between ITC Great Plains and Prairie Wind ([Attachment 11](#)).

Members engaged in extensive discussion with Mr. Lennen about right of first refusal for incumbent utilities, the nature of compromise, prospects for mediation, and the September ITC proposal.

Additional materials included in Board folders on this topic include the following:

- Correspondence from Prairie Wind Transmission to the KCC (Attachment 12);
- A press release from the KCC summarizing its order setting procedures to determine which of the competing entities will build a high voltage transmission project proposed for Kansas (Attachment 13); and
- The abovementioned order (Attachment 14).

The Chairperson recognized Mr. Lehman for a discussion of the KETA business plan. Mr. Lehman discussed the Authority's options for facilitating construction of high voltage transmission lines across central or southern Kansas. He asked for, and received, concurrence from members that there is a need for a high voltage line from the Wichita area to western Kansas. Mr. Lehman noted that the Board has never formally expressed its support for the V plan. Members discussed the financial ramifications of KETA owning or sponsoring a transmission project.

Chairperson Holmes asked the Authority's attorney, Rebecca Wempe, to research the steps necessary for KETA to intervene in the KCC dockets. The Board will vote at its January 9, 2009 meeting on whether to intervene.

Mr. Lehman indicated he would like KETA to be kept informed of the ITC study findings on collector lines, in order to consider whether there is a role for the Authority to facilitate development of those lines. KETA may want to commission its own study of collector lines.

The Chairperson asked staff to ensure that Mr. McKee received notice of a January 22, 2009 meeting of the seven-state infrastructure group in Denver, and to determine whether Mr. McKee would be able to attend the Dallas SPP meeting in place of Mr. Lehman. He directed staff to notify Skeeter Buck that Mary Galligan and Mr. McKee would be the contact parties for future communications regarding meetings of state infrastructure authorities.

The date of the next meeting has been set for January 9, 2009, beginning at 1:30 p.m. in Room 535-N of the Statehouse.

The meeting was adjourned at 4:05 p.m.

Respectfully submitted,

Tim McKee, Secretary

Approved by the Board on:

January 9, 2009